(b) if so, the details thereof;

(c) whether it is also a fact that IPP contracts involve large amount of foreign capital and imported fuel resulting in higher cost of production;

(d) if so, input content of IPP contracts; and

(e) why BHEL produced equipments are not found when BHEL prices are internationally lower?

THE MINISTER OF POWER (SHRI R. KUMARAMANGALAM): (a) to (d) The Power Purschase Agreement (PPA) for purchase of power by SEBs from Independent Power Projects (IPPs) is entered into between the SEB/State Government and the project developer, as per the provisions contained in the tariff notification of the Government of India (GoI) and other guidelines issues from time to time. The guidelines, inter-alia, provide for foreign direct investment upto 100% of equity; foreign loans are covered by the policy on external, commercial borrowings. Import of fuel is regulated as per the import policy. GoI has not been involved in the process of negotiation of the PPAs unless there is a proposal for deviation from the norms contained in the notification or the PPA is for a counter guarantee project.

(e) GoI, vide its letter dated June 28, 1996 had advised the State Governments that all projects which have not yet finalised their EPC contracts should be required to go in for International Competitive Bidding (ICB) in selection of their EPC contracts. The states were further advised that in case of IPPs which have informed that their EPC contract has been finalised, the SEBs should satisfy themselves that it is indeed so and in cases where it is not finalised, the SEBs should ensure that the ICB route adopted is transparent and proper. This is expected to provide domestic bidders, including BHEL, opportunity to bid for such projects.

Enron Project

2370. SHRI S.M. KRISHNA: Will the Minister of POWER be pleased to state:

(a) the details of power projects received from USA and Japan during last one year and what is their status as on date;

(b) the likely impact of curbs imposed by these countries on such projects; and

(c) whether Government propose to arrange finances for second phase Enron Project which would be affected by restrictions imposed by USA?

THE MINISTER OF POWER (SHRI R. KUMARAMANGALAM): (a) During the past one year, some foreign companies including companies from USA and Japan have evinced interest in setting up mega power projects in the country. The proposals are at a preliminary stage and the modalities for setting up these projects are being finalised.

(b) Arranging of funds for private sesctor power projects is primarily the responsibility of the project developer. The government has not perceived any adverse impact on the proposals as a result of the sanctions imposed.

(c) For the Dabhol Phase-II project, as in other private sector projects, the responsibility for arranging funds is primarily that of the project developer.